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6 January 1954

State Department review completed

NEW THREATS TO THE WEST DEVELOPING IN ARAB NEAR EAST

Three new threats to American desire to promote stability and Middle East cooperation in defense may be developing.

- I. Promotion of neutralist program in Egypt.
- II. Popular anti-Western sentiment hampers Iraqi government.
- III. Israeli disputes with Jordan and Syria hurt US; invite Soviet exploitation.

I. Neutralist Program in Egypt

A. Government formally promoting campaign.

1. Since the early December Bermuda Conference Cairo has become increasingly suspicious that America and Britain united in approach to Egypt.

2. Cairo particularly concerned over non-appearance of American economic aid long requested.

3. Complete stalemate in Suez talks results in Egyptian fears that Britain will not give up its base thus blocking highest objective of military regime.

4. Egyptian leaders accordingly deliberately carry on press

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and radio propaganda campaign threatening West with neutralism and on occasion threatening to accept economic help "elsewhere".

5. Campaign aims at inducing Britain to be more amenable to settlement and US to extend economic aid.

B. Government has taken active steps toward neutralism.

1. Ordered its economic mission, now touring Satellite states, to contact Moscow directly. Soviet legation in Budapest ordered to grant visas to Egyptians in late December.

2. Recalled its envoys from Moscow, Washington, London, New Delhi and Karachi to reassess foreign policy.

3. Egyptian ambassador to Moscow, General Aziz Misri, in last few days has been permitted to voice strong pro-Soviet sentiments in Cairo such as: "The Soviet Union has always supported national causes." "The Soviet Union is a great country." "Everybody there works skillfully and they all lead a decent and happy life."

C. Possible results of this development:

1. Leaders probably do not intend to develop close ties with USSR.

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2. Trade pacts have existed in past; new one now under consideration, chiefly cotton for wheat.
3. Some opportunistic collaboration in United Nations to be expected.
4. Egypt will promote neutralism "Egypt Alone" or "Arabs Alone" in Arab League. May succeed in developing more non-cooperation in Arab circles. League secretary general Hassuna stated on 4 January: "In neutrality, the Arabs find the only means of safeguarding their interests and avoiding any danger of aggression."
5. Widespread anti-Western propaganda in Egypt poses danger if situation should get out of hand, and inflamed public may force young, inexperienced leaders to adopt hostile position toward West and condone terrorism against British-held Suez base.

II. Popular anti-Western sentiment hampers Iraqi government:

A. Government friendly to West:

1. Prime Minister Jamali- Columbia University PhD - pro-American.

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2. He is half-heartedly supported by Nuri Said, well-known friend of Britain.

3. Both interested in collaborating with West, including defense.

B. Strong popular sentiment against government:

1. In early December bitter three-hour attack in parliament against Jamali.

2. In mid-December he told Ambassador Berry that parliamentary attacks prevented him from publicly endorsing President Eisenhower's atomic energy program. Also prevented his encouraging Jordan to undertake high-level armistice talks requested by Israel.

3. Anti-Western attacks in press and parliament against Iraqi participation in any regional pact inspired by the United States forces Jamali to promptly deny such plans as well as assert that Iraq is independent of Britain and US.

4. Oil strike in Basra in early December had anti-government angles and probable Communist leadership.

C. Possible developments:

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1. Leftists and ultranationalists may whip up the "street" against military collaboration with the US and in a regional pact already labeled "Western imperialism".

Baghdad rioters in past noted for violence -- November 1952 disturbances which resulted in gutting USIE building induced king to make an army general prime minister.

2. Communist party of 10,000 has in past caused much trouble for government.

3. Struggle between "street" and government, even if it does not defeat government program, will intensify the already explosive tension existing between the two.

4. Any Iraqi-American defense collaboration likely to be popular excuse for serious long-range, leftist and nationalist agitation.

III. Israeli disputes with Jordan and Syria hurt US, invite Soviet exploitation:

A. Intense Jordan bitterness over Qibya incident on 14 October threatens government existence

1. Deep hostility toward Israel tends to include increasingly

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US which is viewed as Israel's sustainer and in part its creator.

2. Bitterness of Palestinian Arabs also turns against government in Amman with demand that direct action be taken against Israel.

3. Relatively moderate government faces problem of stiffening its attitude or resigning.

B. Syria unyielding on water dispute:

1. Syria on a local level also cherishes deep resentment over Israel's Jordan River diversion project work on the lower part of which Israel is continuing.

2. Syria suspicious that ultimately Israel, with tactical Western approval, will complete project.

3. Accordingly, Syria favorably impressed by threatened Soviet veto in UN Security Council of American-British-French resolution, which permits UN truce administrator in Palestine to decide what should be done on water dispute and does not require Arab concurrence.

C. Soviet Union stands to gain:

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1. A UN veto by USSR on Western-backed resolution on Jordan water dispute would skyrocket Soviet position among Arabs.

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2. Soviet minister, [] has been actively promoting idea that Moscow is ready to help Arabs with tools and machinery and that any Syrian request to USSR would be given sympathetic consideration.

3. Damascus officials indicated in mid-December that ~~S~~ Syrian diplomatic mission would soon be opened in Prague mainly to facilitate shipment of arms to be purchased by Syria.

Conclusion:

1. Close political and economic relations between Arab States and Soviet Union not likely at present. *Any Arab gestures likely to make Arabs more difficult*
2. Arab internal problems and irritations over West more likely to drive Arab into frustrated withdrawal from participation in Western defense and development plans.

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